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8. #4098 HV: Landmark Hosp of Columbia
Columbia (Boone County)
~~\$10,056,236, Cost overrun of \$1,056,236~~
on CON to establish 42-bed LTCH

April 1, 2010

VIA EMAIL
tom.piper@dhss.mo.gov

Mr. Tom Piper
Director
CN Program
3418 Knipp Drive, Suite F
Jefferson City, MO 65109

CERTIFICATE OF NEED PROGRAM

APR 05 2010

RECEIVED

Re: Landmark Hospital of Columbia, Establish 42 bed LTC hospital; #4098HS

Dear Tom:

Enclosed please find:

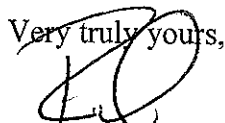
1. Final Periodic Progress Report for the above project; and
2. A revised Project Budget and an explanation of each cost increase over the original project estimates;

The applicant's check in the amount of \$1,057 for the additional fee attributable to the cost overrun is being sent to your office by the applicant.

The applicant would like to note that its prior projects before this Committee were completed below the budgeted costs and ahead of schedule. However, as shown on the attached explanation of increased costs, the applicant encountered numerous unforeseen zoning issues which required it to perform additional construction. The applicant would also like to point out that, despite this cost overrun, it is only 11.7 % over budget (only 1.7% over the 10% increase automatically permitted by this Committee). The applicant requests the Committee's approval of its overrun of its approved project costs.

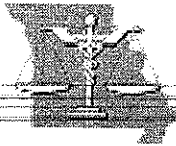
Should you have any questions, please feel free to contact me.

Very truly yours,


Richard D. Watters

RDW/dk

Enclosures



Certificate of Need Program

PROPOSED PROJECT BUDGET**Description****Dollars****COSTS:***

1. New Construction Costs ***	\$7,330,000	
2. Renovation Costs ***	0	
3. Subtotal Construction Costs (#1 plus #2)	\$7,330,000	
4. Architectural/Engineering Fees	\$64,582	
5. Other Equipment (not in construction contract)	985,027	
6. Major Medical Equipment	0	
7. Land Acquisition Costs ***	1,288,559	
8. Consultants' Fees/Legal Fees ***	139,553	
9. Interest During Construction (net of interest earned) ***	234,393	
10. Other Costs ****	14,122	
11. Subtotal Non-Construction Costs (sum of #4 through #10)	\$2,726,236	
12. Total Project Development Costs (#3 plus #11)	\$10,056,236	**

FINANCING:

13. Unrestricted Funds	\$0	
14. Bonds	0	
15. Loans	0	
16. Other Methods (specify)	10,056,236	
17. Total Project Financing (sum of #13 through #16)	\$10,056,236	**

18. New Construction Total Square Footage	30,872
19. New Construction Costs Per Square Foot *****	0
20. Renovated Space Total Square Footage	0
21. Renovated Space Costs Per Square Foot *****	0

* Attach additional page(s) to provide details of how each line item was determined, including all methods and assumptions used.

** These amounts should be the same.

*** Capitalizable items to be recognized as capital expenditures after project completion.

**** Include as Other Costs the following: other costs of financing; the value of existing lands, buildings and equipment not previously used for health care services, such as a renovated house converted to residential care, determined by original cost, fair market value, or appraised value; or the fair market value of any leased equipment or building, or the cost of beds to be purchased.

***** Divide new construction costs by total new construction square footage.

***** Divide renovation costs by total renovation square footage.

Landmark Hospital of Columbia, Establish 42-bed long-term care hospital

**Project No. 4098 HS
Cost Overrun Details**

	<u>Original Budget</u>	<u>Revised Budget</u>
New Construction Costs	\$5,800,000	\$7,330,000

The increase in new construction costs is attributable to unforeseen, substantial zoning obstacles which required Applicant to redesign this project in the following ways:

- Construct a pitched roof
- Upgrade a public street (Alfred Street)
- Construct a second retaining wall

These changes were required and the costs were not in the original budget.

Other Costs (loan fees)	\$0	\$14,122
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The figure was erroneously omitted from the original submission.

Total Approved Project Development Costs: **\$9,000,000**

Actual Total Project Development Costs: **\$10,056,236***

- The actual total project development costs are \$1,056,236, or 11.7%, over the approved amount.